

AUTO BODY FEDERATION OF THE EMPIRE STATE, INC.  
400 Farmingdale Road • West Babylon, N.Y. 11704

May 8, 1975

Mr. Edward B. Rust, President  
State Farm Insurance Company  
One State Farm Plaza  
Bloomington, Illinois 61701

Dear Mr. Rust:

It is incredible that State Farm, the nation's largest insurer, permits its Assistant General Counsel Ingham to engage in such inflammatory rhetoric against the States' Departments of Insurance, Federal and State legislators.

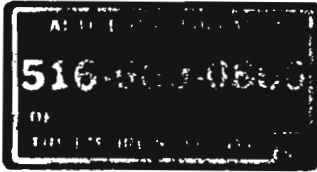
The Auto Body Federation of the Empire State together with the Automotive Service Council, on behalf of its members, feels that State Farm Insurance Company owes the American consumer an objective explanation of the facts and that it owes these legislators and public servants an apology.

Does State Farm Insurance Company sincerely believe that legislators are enacting laws based solely on false allegations made by a few small body-shop owners who have only self interest at heart?

Does State Farm Insurance Company sincerely believe that these few small body-shop owners can persuade legislators to enact laws requiring licensing so that they can control State Farm Insurance Company and "other insurers" and so "eliminate a competitive market for auto-body repairs"? How absurd.

Does State Farm Insurance Company sincerely believe that these few small body-shop owners can control the minds of our lawmakers by using a "thinly veiled disguise for their attempt to gain control of repair costs"?

For years the repair industry has been controlled by the insurance companies. As a result, the insurance companies have, at their request and for their corporate gain, been accommodated with cheap, low quality and unsafe repairs performed on their customers' cars.



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Perhaps this article is, in reality, a diversionary tactic to hide the fact that during their investigations the legislators have found State Farm Insurance Company and other insurers culpable.

Perhaps the insurance companies are in fact the major culprits.

Perhaps it is the insurance companies' unfair claims practices that have created the need for regulatory legislation for safety of the consumer.

Perhaps regulatory licensing, at both Federal and State levels, is coming about because, as Senator Frank E. Moss (Dem-Utah) said,

"Hearings and investigations...have highlighted certain problems in the auto repair business, resulting from insurance company involvement in the auto repair process. It is only natural for the insurance company adjustor to try to obtain repairs at the lowest possible cost. It is only natural for certain body-shops to cut corners and offer low cost repairs in order to accommodate certain insurers. The result is that we have far too many improperly repaired vehicles on our roads today."

\* Perhaps the institution of these new regulations is directly attributable to the large number of complaints received by Departments of Insurance concerning unfair claim practices.

Perhaps that, in spite of the insurance contract's promise to restore vehicles to their preloss condition, estimates written at drive-in centers are forcing policyholders into a price-fixed repair market which can only result in improper and potentially dangerous repairs.

Perhaps the parts discount practice, which results in a reduced service rate and, of course, more income to the insurance company, is an additional incentive to produce a badly repaired car. Is it any wonder therefore, that there is a drive to abolish this insidious practice?